

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 13068

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
THROUGH THE ENGINEERING BUREAU CHIEF FOR AMENDMENT OF
RULE 705 [COMMENCEMENT, DISCONTINUANCE, AND ABANDONMENT
OF INJECTION OPERATIONS].

ORDER NO. R-11971

ORDER OF THE OIL CONSERVATION COMMISSION

BY THE COMMISSION:

THIS MATTER, a rulemaking proceeding, came before the Oil Conservation Commission (hereinafter referred to as "the Commission") during a public hearing on *May 15, 2003* at Santa Fe, New Mexico, on application of the Oil Conservation Division (hereinafter referred to as "the Division"), and the Commission, having carefully considered the evidence, the pleadings, comments and other materials submitted in support of the application, now, on this 12th day of June, 2003,

FINDS,

1. Notice has been given of the application and the public hearing on this matter, and the Commission has jurisdiction of the parties and the subject matter herein.
2. The Division seeks adoption of an amended Rule 705 [19.15.9.705 NMAC] (a) deleting a provision of the existing rule that requires that before an injection well may be temporarily abandoned, the injection interval must be isolated with cement or a bridge plug, and (b) adding language requiring that a proposal to temporarily abandon an injection well must be filed and approved in the same manner as a proposal to plug and abandon such a well.
3. Paragraph B(2) of the existing Rule 705 provides that, "No injection well may be temporarily abandoned for a period exceeding one year unless the injection

interval has been isolated by use of cement or a bridge plug." The same paragraph further provides that the Director of the Division may grant an exception to this requirement if "the well exhibits mechanical integrity, and continued temporary abandonment will not endanger underground sources of drinking water."

4. The Division seeks to amend Paragraph B(2) of Rule 705 by deleting the above-described provisions and to amend Paragraph B(3) of Rule 705 by adding a requirement for filing with and approval by the District Office of the Division of proposals to temporarily abandon injection wells.

5. At the public hearing of this matter, the Division presented the testimony of Richard Ezeanyim. Richard Ezeanyim is a petroleum engineer and Chief of the Engineering Bureau of the Division.

6. Mr. Ezeanyim testified that there is no necessity, from the perspective of protection of groundwater resources or the environment, for the injection interval of a temporarily abandoned injection well to be isolated with cement or a cast iron bridge plug provided that the well has mechanical integrity. He pointed out that the present rule allows exceptions to the requirement if the well exhibits mechanical integrity.

7. Mr. Ezeanyim testified that mechanical integrity of a well can be demonstrated by alternative methods that are less expensive for the operators, and thus less wasteful of resources, than setting cement or a bridge plug, and that those simpler procedures are allowed as an alternative for temporary abandonment of wells generally pursuant to Rule 203 [19.15.4.203].

8. Mr. Ezeanyim testified that if an operator who desired to temporarily abandon an injection well complied with Rule 203, the operator would have demonstrated the mechanical integrity of the well, and that there is no reason for separate and more burdensome requirements for temporary abandonment of injection wells than of wells generally.

9. No one else appeared at the public hearing either in support of or in opposition to the proposed amendment, and the Commission received no written comments thereon. The Division offered in evidence a letter from Bob Gallagher, President of the New Mexico Oil and Gas Association, proposing amendments to Rule 705 substantially identical to those proposed by the Division.

10. So long as an injection well exhibits mechanical integrity, temporary abandonment thereof without setting cement or a bridge plug to isolate the injection interval will not endanger groundwater resources or the environment.

11. Rule 203 applies to temporary abandonment of any well, including any injection well, and requires proof of mechanical integrity at the time of temporary abandonment or renewal of temporary abandonment.

12. There is no need to have an additional requirement to set cement or a bridge plug for injection wells, specifically, if the mechanical integrity of those wells is demonstrated pursuant to Rule 203.

13. An operator wishing to temporarily abandon an injection well should be required to comply with Rule 203. To monitor such compliance, the operator should be required to notify the Division of its intention and to secure Division approval for temporary abandonment of an injection well, in the same manner as is required for plugging and abandonment of such a well.

14. Rule 705 [19.15.9.705] should be amended as requested by the Division.

15. A draft of a proposed amended Rule 705 incorporating the Division's proposed changes is attached hereto as Exhibit A and incorporated herein for all purposes.

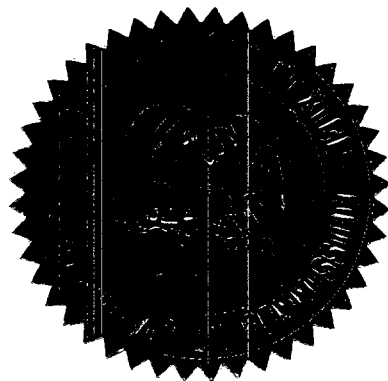
16. The amended rule set forth in Exhibit A should be adopted, published in the New Mexico Register, and made a part of the Rules and Regulations of the Oil Conservation Division, in lieu of the existing rule that is amended thereby.

IT IS THEREFORE ORDERED, AS FOLLOWS:

1. The Rule of the Oil Conservation Commission presently codified at 19.15.9.705 NMAC shall be and hereby is amended, effective as of the date of publication of the amendment in the New Mexico Register, to read as shown on Exhibit A. Staff is instructed to forthwith seek publication of this amendment in the Register.

2. Jurisdiction of this matter is retained for entry of such further orders as may be necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

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JAMI BAILEY, MEMBER

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ROBERT LEE, MEMBER

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LORI WROTENBERY, CHAIR

EXHIBIT A to Order No. R-11971

19.15.9.705 COMMENCEMENT, DISCONTINUANCE, AND ABANDONMENT OF INJECTION OPERATIONS

- A. The following provisions apply to all injection projects, storage projects, salt water disposal wells and special purpose injection wells:
- B. Notice of Commencement and Discontinuance
- (1) Immediately upon the commencement of injection operations in any well, the operator shall notify the Division of the date such operations began.
 - (2) Within 30 days after permanent cessation of gas or liquefied petroleum gas storage operations or within 30 days after discontinuance of injection operations into any other well, the operator shall notify the Division of the date of such discontinuance and the reasons therefor. No injection well may be temporarily abandoned for a period exceeding one year unless the injection interval has been isolated by use of cement or a bridge plug. The Director of the Division may delay the cement or bridge plug requirements above upon a demonstration that there is a continuing need for such a well, that the well exhibits mechanical integrity, and that continued temporary abandonment will not endanger underground sources of drinking water.
 - (3) Before any injection well is temporarily abandoned or plugged, the operator shall obtain approval for the well's plugging program from the appropriate District Office of the Division in the same manner as when temporarily abandoning or plugging oil and gas wells or dry holes.
- C. Abandonment of Injection Operations
- (1) Whenever there is a continuous one year period of non-injection into any injection project, storage project, salt water disposal well, or special purpose injection well, such project or well shall be considered abandoned, and the authority for injection shall automatically terminate ipso facto.
 - (2) For good cause shown, the Division Director may grant an administrative extension or extensions of injection authority as an exception to Subsection C, Paragraph (1) above of 19.15.9.705 NMAC.